

Trade Invest Monthly

Hawaii's International Business Network

HAWAII NOTICES

GOVERNOR AWARDS TOP EXPORT COMPANIES

On October, 3, 2001, Governor Benjamin J. Cayetano announced the 2001 Governor's Exporter of the Year, Hawaii Foliage Exports.

The list of category winners are as follows:

- Exporter of Fresh Commodities – Hawaii Foliage Exports, Inc. – Patrick McGrath
- Exporter of High Technology – RevaComm, Inc. – Keith and Eldon Ito
- Export Trading Company – TM Pacific, Ltd., dba Body & Soul – Tao Miller
- Exporter of Manufactured Products – Cyanotech Corporation – Gerald Cysewski
- New Exporter – Quiet Storm Records – John Iervolino



The Governor and Vicki Cayetano present Patrick McGrath, president of Hawaii Foliage Exports, and sponsor Roberta Chu of Bank of Hawaii, with the Governor's Exporter of the Year 2001.

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7th Biennial Hawaii Small Business Innovation Research (SBIR) and Small Business Technology Transfer Research (STTR) Conference

Small businesses seeking funding for early-stage research are the targeted group for this conference. Sponsored by the High Technology Development Corporation, the Hawaii Strategic Development Corporation and the U.S. Small Business Administration.

DATES: Offered on all four islands on the following days from 8:00 a.m. - 5:30p.m.

Oct 29 - Oahu (Waikiki Beach Marriott Resort)

Oct 30 - Maui (Renaissance Wailea Beach Resort)

Nov 01 - Big Island (Outrigger Waikoloa Resort)

Nov 02 - Kauai (Kauai Marriott Resort)

REGISTRATION FEE: \$70 per island conference

\$1.3 Billion in federal SBIR funds are available to small businesses to perform research and development in a diverse array of technologies and innovation areas. The ten federal funding agencies are: U.S. Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Transportation, EPA, NASA and National Science Foundation. 40 Hawaii companies have already won over 150 SBIR grants and contracts total.

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Export Trade Assistance Partnership Program

The ETAP – Export Trade Assistance Partnership Program – is a specialized training course that was developed by SBA's Office of International Trade to help small businesses fully prepare for the challenges they will encounter as they enter into the world trade arena.

Partners in the ETAP include the SBA, Filipino Chamber of Commerce of Hawaii, DBEDT, and the City and County of Honolulu's Office of Economic Development (OED).

This seven-week course is a pilot program for Hawaii's Business Information and Counseling Center to provide step-by-step guidance in exporting. It was established to assist companies who have been operating successfully for at least one full year and can demonstrate a readiness for exporting.

ETAP provides businesses with the resources which will enable them to venture into overseas markets. Companies will be educated in all areas of trade, including international marketing, trade finance, legal aspects, pricing, transportation, and locating overseas buyers.

There is a nominal \$25 fee for the first-time program, and participation requires a strong commitment by business owners to get the full value of the course.

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Worldwide Market Reports

Due to the large number of requests for reports, we have made the request process easier to better serve you. To request reports, send the request form by Fax: (808) 587-3388 or email: tradeinvest@dbedt.hawaii.gov

The report service offered is reserved for Hawaii companies only.

If you are outside of Hawaii and are interested in the reports highlighted in our newsletters, please go to the United States Department of Commerce website, www.stat-usa.com. You will have the choice of ordering the reports you need for a small fee or you can subscribe to their service for an annual fee and have unlimited access to all reports and services.

Also, some of these market reports can also be located at the website: www.usatrade.gov

Hong Kong – Wireless LAN

Source: U.S. & Foreign Commercial Service – Hong Kong. Like other areas in the Asia-Pacific region, Hong Kong is going wireless.

It is expected that Wireless Local Area Network (WLAN) sales in Hong Kong should reach US\$12 million in 2001, and jump up to US\$20 million in 2003.

Hong Kong users like the WLAN because of its mobility and flexibility. The WLANS will not replace, but will complement current network technology.

The Hong Kong vendors believe that the WLAN demand in China will take off once China's access to the WTO takes effect – it will take off mainly due to the lower duties. Hong Kong, being an entry point to China, will be an ideal business partner for U.S. companies who are interested in selling into China.

The most popular WLAN standard technology in Hong Kong is 802.11(b), which offers data transmission at 11 Mbps. Since the WLAN technology is relatively new in Hong Kong, the local end users are especially concerned about its technical reliability.

In the business world, the corporate end-users are willing to pay a premium for reliable technology and after-sales service. Home users and small businesses, on the other hand, focus on price and ease-of-use when making a purchase.

Best sales prospects are: WLAN Network Interface Cards (NIC), WLAN Access points, wireless enabled mobile devices (laptops, PDAs), and security software.

Taiwan – Customer Relationship Management Software

Source: U.S. & Foreign Commercial Service - Taipei. Although it is a relatively new field to Taiwan consumers, there is a consensus that the customer relationship management software (CRM) will be important to Taiwan com-

panies. As customer relationships and consumer retention play a stronger role in corporate competition and survival, CRM will increase in use and importance.

The U.S. is practically the only exporter of CRM software to Taiwan. There is little or no competition from domestic companies. However, even though foreign CRM software dominate the market and is superior in functionality, it is expensive to localize the software.

The most important factors in successful entry of CRM software into the Taiwan market is the language localization and business practice customization, continual upgrades and development of new software versions, tailored promotional activities, flexible pricing policy, reliable service, and a strong representation in the local market.

In the next five years, the following trends are expected:

1. Marketing databases, data warehouses and company web site marketing will be integrated through multifunctional CRM strategies;
2. Budgets for CRM implementation must be shouldered by marketing and IT departments, implying that companies looking to implement CRM will have to find new sources of funding.

As CRM is increasingly becoming an important competitive tool in Taiwan, companies are rushing to establish their CRM infrastructure. Due to this, the import market is expected to grow 44% to NT \$4.1 billion (US\$124 million) over the next year.

Hong Kong's Oldest Department Store Seeks New Suppliers

Source: U.S. & Foreign Commercial Service – Hong Kong. *Sincere Department Store* is Hong Kong's oldest department store. Established in 1900, it currently has five stores in Hong Kong and one store in Dalian, China.

In its effort to create a more modern, fashionable image, *Sincere Department Store* will be reorganizing its merchandise mix.

They are interested in branded goods with sufficient product lines to support their own counter within the department store. Products of interest are apparel, costume jewelry, cosmetics, personal care products, shoes, children's wear, household products, bed linens, bathroom accessories, housewares products, gifts, and travel goods.

American suppliers interested in the business opportunity may contact *Sincere Department Store* directly with a company profile, product information, and price lists.

Contact information is as follows:

Ms. Joanna Charrington,
General Manager, Retail

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Net Profits & Prophets

BOYCOTT OF U.S. PRODUCTS IGNORED

To determine if recent calls to boycott US goods would have an effect on sales of US goods and services in Indonesia, CS Indonesia contacted 28 companies in a wide range of industry sectors, ranging from oil and gas equipment to toys and games, from automotive companies to fast food franchises. The overwhelming majority of our respondents said that sales of US goods and services were normal and that business had been unaffected by any calls for a boycott. Report on this available.

GREECE AQUACULTURE - BOOMING

According to the U.S. Commercial Service, the Marine aquaculture business in Greece is booming, growing at average annual rate of 50% during the last decade. Today, over 250 aquaculture companies, many of them large, precision operations using state-of-the-art technology, produce about 60,000 tons of product a year, over 60% of which is exported and valued at around \$300 million. Report on this available.

VIETNAM'S FIRST ATM NETWORK

The Industrial and Commercial Bank of Vietnam (Incombank) launched Vietnam's first automatic teller machine (ATM) network on October 9, 2001.

Initially, Incombank has so far installed 12 ATM machines, which are all linked to headquarters in Hanoi, at branches in Hanoi (6), Ho Chi Minh City (4), and Da Nang (2). By the end of September, Incombank has issued 1,200 ATM cards with balances of VND 1.4 billion (VND 15,000 is approximately one US dollar). It is expected that the Bank will issue 50,000 - 70,000 more cards, install more ATM machines at all its branches, and begin installing ATMs in commercial centers by the end of this year. Report on this available.

Japan News

Study Abroad Breakdown by Prefecture

According to year 2000 statistics recently made available by Japan's Ministry of Justice, 193,779 Japanese people went abroad with the purpose of study/training. Nearly half (45%) went abroad to the U.S. The concentrations of the departures are from the Tokyo Metropolitan area. Although representing 26% of the total population of Japan, the Tokyo Metropolitan area represents 44% of all study abroad departures.

Next was the Kansai region (Osaka, Kyoto and Kobe), which accounted for 14%, a representation that is proportionate to the ratio of the population in that region. A report is available on this subject.

Papaya Imports Continue to Grow

According to *The Japan Food Journal*, papaya imports in Japan continue to grow, especially from the Philippines. Dole Japan will begin cooperating with JUSCO this spring to promote sales of Philippine papayas, which are consistent in quality and low in price due to lower freight costs by ship.

Supermarkets Starting to Open Smaller Size Stores

The Japan Food Journal reports that supermarket retailers such as *Seiyu*, *Seifu*, *Pororocca*, and *Maruetsu* are starting to open smaller size stores, and plan extended operating hours in metropolitan areas. These supermarket retailers target people who live in the increasing number of newly-built condominiums in Tokyo. Competition is expected to get severe between the supermarkets and the convenience stores.

Japan Proposes a Safety Net on Domestic Vegetables

On September 25, 2001, Japan submitted a proposal to the WTO Special Session of the Committee of Agriculture regarding the implementation of special safeguards for perishable products.

Japan aims for a quick import limitation of fresh produce items, in order to protect domestic growers from rapidly growing imports from neighboring countries.

The proposal suggests that a new safeguard mechanism should be introduced for seasonal and perishable agricultural products, and the new safeguard mechanism will cover all unprocessed agricultural products, including frozen products intended to preserve their markets as well as slightly processed products such as cut products. Dried products are not covered by this new safeguard.

Japan – Import information for Various Product Sectors

Source: Japan External Trade Organization (JETRO). For new-to-market businesses and individuals, JETRO provides import and market information for a wide variety of product categories.

The next set of product categories that may be of interest to Hawaii companies are as follows:

- Coffee
- Mineral water

- Fresh fruits
- Nuts and dried fruits
- Seeds (for sowing)
- Paintings and Prints

Other product categories will be announced in future issues. Specific reports are available upon request.

Japan – Young Women's Casual Fashion Market

Source: U.S. & Foreign Commercial Service – Osaka-Kobe. In spite of Japan's sluggish economy, the fashion-oriented young women in their high-teen's to 30's are still buying clothing and is the area of potential for new-to-market U.S. apparel companies. What are they looking for in this apparel segment?

Casual/Street fashion – vintage or used looks are popular. For example, the so-called "re-make" items, such as denim skirts made from a pair of jeans. Items that are not mass produced sell well. Cut and sewn t-shirts are also popular. The styles of prints vary from season to season. Of note is that for cut & sewn products, the Japanese consumers usually do not like items sewn by filament yarn.

Office casual – Although the young women wear uniforms while at work, outside of the work hours they dress in an office casual style. A current fashion trend is the "conservative elegance" with a slim and elegant style. Pants designed to make women look thinner and taller have greater potential. Solid color knitwear (sweaters and cardigans) are selling well.

Overall, the young Japanese women are willing to pay extra for value-added products and services. To compete in this area, U.S. suppliers need to emphasize their value-added product features such as materials, techniques, and designs in detail. Young Japanese women will continue to search for clothing that will make them look good. When shopping, they look at design first and then check the materials. Price is not as important compared to the design and the quality of the product.



Hong Kong Dept. Store Seeks New Suppliers
(Continued from page 2)

The Sincere Company Limited
24th Floor, Leighton Center
77 Leighton Road
Causeway Bay, Hong Kong
Tel: +852-2830 1900
Fax: +852-2577 9992

Mexico – Imported U.S. Coffee Products Exceed 2001 NAFTA Safeguard

Source: U.S. Department of Agriculture - Mexico. Mexico has announced that the quantity of select coffee products from the U.S. has exceeded the safeguard quota that was agreed to under NAFTA. As a result, from now till December 31, 2001, the ad valorem tariff rate has increased from 4% to 20%. The HS codes affected are: 2101.11.01, 2101.11.02, 2101.11.99, and 2101.12.01.

Governor's Exporter of the Year*(Continued from page 1)*

- Exporter of Professional Services – Mauna Kea Infrared, LLC – Douglas Toomey
- Exporter of the Year – Hawaii Foliage Exports, Inc.

Co-sponsoring this program with DBEDT is the State Department of Agriculture. Participating in support is the U.S. Small Business Administration, the U.S. Department of Commerce, the Agricultural Leadership Foundation of Hawaii, and Pacific Business News.

SBIR Grant Conference*(Continued from page 1)*

ing over \$30 million. These companies have also won the State's SBIR matching grant award, and several have successfully used SBIR to commercialize their product. This conference will train new SBIR companies on how to apply to this program, and assist experienced SBIR companies with commercialization strategies and intellectual property management issues. Also learn about new SBIR assistance programs being created for Hawaii companies.

Conference highlights:

- Meet with federal SBIR program managers to learn about focus areas to be funded this fiscal year (12 program representatives are flying in from D.C. to meet and train local companies);
- SBIR proposal writing workshop: learn how to write competitive proposals;
- SBIR commercialization strategy panel with a successful, experienced SBIR entrepreneur with over fifteen years of direct SBIR/STTR project management, negotiation and audit experience;
- IP management workshop for technology companies on how to preserve SBIR/STTR patent rights.

For registration and more information, go to the Hawaii SBIR Conference website: www.htdc.org/sbir/hsbir2001 or contact Janice Kato at 539-3814 (Oahu), email: janicek@htdc.org Please register today!

ETAP Program*(Continued from page 1)*

Details are as follows:

DATES: Every Wednesday, November 6, 2001 through December 14, 2001

LOCATION: Business Information and Counseling Center, 1041 Nuuanu Avenue, Suite A

TIME: 9:00 a.m. – 10:30 a.m.

For more information, contact Mary Dale of the U.S. Small Business Administration, Tel: (808) 541-2983.

Ag Export Links**www.agexportlinks.org**

This free online service offers access to a comprehensive database of qualified, nationwide export resources. Agricultural producers, processors and manufacturers can locate public and private sector trading companies, shipper associations, marketing companies, freight forwarders, trade associations, brokers, and many others.

Canada – Greeting Cards

Source: U.S. & Foreign Commercial Service – Ottawa. According to the U.S. & Foreign Commercial staff, the Canadian giftware and crafts industry is “a high-growth sector that provides excellent opportunities for U.S. exporters.”

The following have been identified as having the most potential: 1) greeting cards, 2) gift books, 3) calendars, 4) unique lines of toys, 5) wearable crafts, 6) jewelry and fashion accessories, 7) traditional crafts, 8) aroma-therapeutic and naturally-scented candles, 9) potpourris and room-scent lines, 10) gourmet foods in gift baskets, 11) home accessories, 12) quality linens for bed and bath, 13) unique garden-related products, 14) collectibles, 15) figurines, 16) Christmas ornaments, 17) party goods, 18) plates, 19) dolls, and 20) music boxes.

The report focuses on greeting cards, which has demonstrated a real growth of 18.3% from 1999 (US\$97.8 million) to 2000 (US\$119.5 million). In the 2000-2001, it is forecasted that the greeting card market will grow at a real rate of 2.5%.

U.S. supplies have advantages over competitors due to: 1) geographic proximity, 2) product quality, and 3) brand name recognition. Imports of greeting cards made up 98.6% of Canada's total market demand in 2000, with U.S. imports taking 88.7% of Canada's total market demand. The Canadian market is very receptive to U.S.-made greeting cards.

One of the biggest changes that occurred in the greeting card industry is the electronic form of the paper card – also known as the e-card. Although the e-card market is growing, holiday and special events are still heavy sales periods of paper greeting cards. Canadians still enjoy receiving paper greeting cards that they may display, and they view e-cards as less personal and less thoughtful.

The largest holidays for sending greeting cards are in the following order: 1) Christmas, 2) Valentine's Day, 3) Mother's Day, 4) Easter, and 5) Father's Day.

Card products made in the U.S. accompanied by correctly completed NAFTA certificate of origin will enter the Canadian market free of duty. However, there is a 7% Goods and Services Tax (GST) that is applied to all domestic and imported goods and services sold in Canada. The GST is applied on a value-added basis on each resale level, and the tax is ultimately passed on to the consumer.

Report Request Form

Trade Invest Monthly
Hawaii's International Business Network

Company: _____

Contact person: _____

Address: _____

City: _____

Zipcode: _____

Telephone: _____

Facsimile: _____

Email: _____

Report(s) requested:

- ☐ Hong Kong - Wireless LAN
- ☐ Taiwan - Customer Relationship Software
- ☐ Hong Kong - Dept. Store Seeks Suppliers
- ☐ Indonesia - US Boycott Ignored
- ☐ Greece Aquaculture Booming
- ☐ Vietnam's First ATM Network
- ☐ Japan - Study Abroad Departures
- ☐ Japan - Womens Casual Fashions
- ☐ Japan - Import Information
- ☐ Mexico Imports Exceed NAFTA Limits
- ☐ Canada - Greeting Cards

OTHER REPORTS (reference issue date):

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